



NAVIGANT PARTNERS TO PROVIDE STRATEGIC SOLUTIONS FOR UAB HEALTH SYSTEMS

CHALLENGE

In 2014, the University of Alabama at Birmingham Health System (UABHS) was facing what many academic medical centers were anticipating – a potential reduction to clinical, educational, and research revenue at unprecedented levels. Challenges to Medicare payment reductions, value-based purchasing, increasing governmental and regulatory burdens, constraints to state funding, diminished philanthropy and reduced indirect medical education payments were just a few of the looming concerns for administrators.

UABHS worked with an independent firm to forecast five years of revenue and operating costs, including projected increases for strategic/capital investments and increases to wages/benefits, while maintaining appropriate cash reserves. The prediction was a cumulative \$600 million improvement to fund identified strategic requirements.

SOLUTION

The health system partnered with Navigant on an enterprise-wide initiative to help with the projected revenue and cash flow gap. The two-year project was called “Foundation for the Future.”

Over the course of 24 months, Navigant’s team concentrated on:

- DRG-focused clinical redesign
- Revenue cycle income statement improvement
- Revenue cycle cash flow improvement
- New streams of revenue (specialty Rx)
- Non-labor cost reduction:
 - Laboratory
 - Pharmacy
 - Surgical and procedural supplies
- Clinic throughput and scheduling policies
- Hospital labor productivity

“Navigant’s team partnered effortlessly with our clinical leadership, executive leadership, and departmental leaders. This synergy was the key to identifying areas of opportunity and ensuring implementation was successful.”

REID JONES
CHIEF OPERATING OFFICER
UAB HEALTH SYSTEM

About UABHS

The UAB Health System coordinates the healthcare delivery operations, including revenue cycle functions, delegated to it by University of Alabama Health Services Foundation, a private, not-for-profit medical practice made up of the faculty of the UAB School of Medicine and the board of trustees of the University of Alabama, including but not limited to UAB Hospital

UAB Hospital is the central institution of UABHS and is the primary teaching hospital for the University of Alabama at Birmingham.

of medicine. For more information, visit: <https://www.uab.edu/medicine/physicalmedicine/education/residency/uab-health-system>.

About Navigant

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RESULTS:

Cumulative (over 24 months)
revenue improvement of: **\$125M**

Expense Reduction/Savings

\$77.7M

Improved Recurring Revenue

\$43.6M

Cash flow Improvement

\$3.7M

Annual run-rate improvement of

\$80M

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